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E-mail:jordaanr@ngwathe.co.za

OFFICE OF THE MUNICIPAL MANAGER

Date: 28 January 2016

Enq: – PS TSEKEDI - AMM
Tel: 056 – 816 2700
Cell: 082 800 1526

Chief Director: National Treasury
Mr.Jan Hattingh
PRETORIA

RE: NGWATHE LOCAL MUNICIPALITY DRAFT ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2015 – REQUEST FOR EXEMPTION

Dear Sir,

The contents of this letter refers,

To the requirements of section 127 (2) that, the Mayor of a municipality must within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipality entity under the municipality's sole shared control.

Sub section (3) of the same act as quoted above further requires from the Mayor to, if for whatever reason, is unable to table in the council the annual report of the municipality or the annual report of any municipality entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must-

(a) Promptly submit to the council a written explanation referred to in section 133 (1) (a) setting out the reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready; and

(b) Submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.

During its Special Council Meeting held on the 22nd January 2016 In Parys, the municipal council took note of the reported submitted requesting for a late submission of the municipality's Annual Report for the period ending 30 June 2015.(Please find attached)

The failure to table the annual report was caused by the delays in the audit process of the municipality which started late due to re-submission of the Fixed Asset Register in line with the requirements of GRAP 17.

Thanking you in advance.

Yours Sincerely,

Cllr. MJ MOCHELA
Mayor

EXTRACT FROM THE MINUTES OF URGENT COUNCIL MEETING HELD IN THE FORUM BUILDING, PARYS ON FRIDAY, 22 JANUARY 2016 AT 10:33

PRESENT: 26 COUNCILLORS ATTENDED
COUNCILLORS:

APOLOGIES: Cllrs: TL Vandisi
VE De Beer
AP Swart
MC Ranthako
AM Oliphant
C Serfontein
MJ Masooa
AJ De Jager
IM Ramabitsa
PM Molaphene
RS Ferendale

OFFICIALS: Acting Municipal Manager, PS Tsekedi
Director Community Services, Mr. AB Netshivhodza
Acting Director Corporate Service, Mr. ZJ Majivolo
Director Technical Services, Mr. N Shabalala
CFO, Me. N Samyala

A. OPENING

The Chairperson, Cllr. PR Ndayi officially opened the meeting by welcoming everyone present.

1. DRAFT ANNUAL REPORT 2014/15

RESOLVED THAT:

1. **Owing to the reason submitted by the Mayor; the council resolved that:**

- Council notes that Annual Report will not be tabled by the 31st January 2016.

- All relevant stakeholders (National and Provincial Treasury and AGSA) be informed of the late tabling.

- Accounting officer to ensure that the report is tabled before 28 February 2016.

The meeting closed at 11:14

SIGNATURE: pp CHAIRPERSON: CLLR PR NDAYI

DATE: 22 JANUARY 2016

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Ngwathe
MUNICIPALITY

OFFICE OF MUNICIPAL MANAGER

To : Ngwathe Local Municipal Council

Att : NLM Mayor

Email : magautal@ngwathe.co.za

From : Office of the Municipal Manager

Date : 24/08/2015

Re : LATE SUBMISION FOR 2014/2015 THE ANNUAL FINANCIAL STATEMENTS

This letter serves as a point of apology and notification for the failure to submit the Annual Financial Statements to Auditor General South Africa by the set Deadline 31ST August 2015 as per Municipal Finance Act.

REASONS FOR THE AFS LATE SUBMISSION

- Based on the previous years external Audit Opinion from AGSA, NLM has been getting Disclaimer Audit opinions. The Main reason resulting to the late submission is the Asset Register of which Infrastructure assets are a main component, which the valuation thereof will not be complete by 31 August 2015. The Infrastructure Assets Valuators were appointed late and they only started working on the 3rd of August 2015. Due to the work load and the number of years back that they have to take into consideration (taking into account accuracy and completeness of the asset register that must be maintained) they will not be ready to submit to Finance Department the complete and accurate Asset Register by the 31ST August 2015.

- In addition, supporting documents for all the assets that were purchased post 1st July 2007 must be sourced and be aligned back to the Assets Identified physically on the ground in order for the Asset Register to be complete. Consequently, the Finance Department is requesting to submit the AFS late.

- Prior to late submission request, we attempted to negotiate to submitting the AFS with all other component except the Assets Section but this proposal was not accepted by AGSA taking into account their own compliances.

- Finance Department was only left with two options which are as follows:

1. To submit the AFS on the 31ST August 2015 with the incomplete Asset Register and stand a very obvious chance of a repeat Disclaimer Audit Opinion.

Or

2. To submit late on the 30th September 2015 with the complete Asset Register and stand a chance of getting an improved Audit Opinion.

Yours Faithfully

LD KAMOLANE
Municipal Manager
/kd/mm/letters 2015-16

MINUTES OF SPECIAL COUNCIL MEETING HELD IN THE FORUM BUILDING, PARYS ON WEDNESDAY, 26 AUGUST 2015 AT 10:18

PRESENT: COUNCILLORS: AS PER ATTACHED ATTENDANCE REGISTER

ABSENT: Cllrs: De Beer VE
Bocibo CN
Radebe DM
Khumalo KJ
Choni PS
Ranthako MC
Mehlo LR
Serathi M
Masooa MJ
Motsumi ME
Seabi IM
De Jager AJ

OFFICIALS: Municipal Manager, Mr. L Kamolane
Director Community Services, Mr. AB Netshivhodza
Director Corporate Service, Me. P Tsekedi
Acting Director Technical Services, Mr. H Coetzer
CFO, Me. N Samyala
Acting HR Manager, Mr. Z Majivolo

A. OPENING

The Chairperson, Cllr. PR Ndayi officially opened the meeting by welcoming everyone present.

B. APOLOGIES

Apologies were received from Cllr. Van der Merwe PP, Cllr. Swart AP, Cllr. Mandelstam GP and Director Technical Services, Mr. Shabalala N

C. ROLL COLL

The Speaker announced that the aim of the Special Council meeting was as a result of the passing on of Councillor J Roos and informed the meeting that he will conduct a roll call and thereafter the Chief Whip of DA will respond after he

has called the name of Councillor Roos J for the third time. The roll call was performed and thereafter the Speaker allowed all the political parties to give their messages of condolence in the following order,

1. FF+ : read by the Speaker because Councillor PP Van der Merwe was absent but forwarded the message with his apology
2. DA: presented by Councillor C Serfontein
3. ANC: presented by Councillor TL Vandisi
4. Mayor: MJ Mochela

RESOLVED THAT:

1. Council should take note that Coucillor J Roos has passed on and IEC should be informed accordingly so that they can start with the preparation of the bi-elections

D. ANNOUNCEMENTS

The Mayor made the following announcements which were noted by Council:

1. That she has receive a written notification from the office of the Municipal Manager informing her that the Annual Financial Statements are going to be submitted late
2. That there is an event proceeding at the same time of the Special Council meeting for the issuing of the title deeds whereby she is going to spend some time before joining the procession of the funeral of Councillor Roos
3. That there is a little girl in Tumahole who has been raped and murdered

The meeting closed at 10:47

APPROVED: CHAIRPERSON: CLLR PR NDAYI

DATE:

General reporting obligation

74. (1) The accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

(2) If the accounting officer of a municipality is unable to comply with any of the responsibilities in terms of this Act, he or she must promptly report the inability, together with reasons, to the mayor and the provincial treasury.

Information to be placed on websites of municipalities

75. (1) The accounting officer of a municipality must place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

(a) The annual and adjustments budgets and all budget-related documents;
(b) all budget-related policies;
(c) the annual report;
(d) all performance agreements required in terms of section 57(1)*(b)* of the Municipal Systems Act;
(e) all service delivery agreements;
(f) all long-term borrowing contracts;
(g) all supply chain management contracts above a prescribed value;
(h) an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
(i) contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
(j) public-private partnership agreements referred to in section 120;
(k) all quarterly reports tabled in the council in terms of section 52*(d)*; and
(l) any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

(2) A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.

Protection of accounting officer

76. Any action taken by a political structure or office-bearer of a municipality against the accounting officer of the municipality solely because of that accounting officer's compliance with a provision of this Act, is an unfair labour practice for the purposes of the Labour Relations Act, 1995 (Act No. 66 of 1995).

Part 2: Financial administration

Top management of municipalities

77. (1) The top management of a municipality's administration consists of—

(a) the accounting officer;
(b) the chief financial officer;
(c) all senior managers who are responsible for managing the respective votes of the municipality and to whom powers and duties for this purpose have been delegated in terms of section 79; and
(d) any other senior officials designated by the accounting officer.

(2) The top management must assist the accounting officer in managing and co-ordinating the financial administration of the municipality.

(c) the total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the financial year.

(2) The notes to the annual financial statements of a municipality or municipal entity must disclose the following information:

(a) In respect of each bank account held by the municipality or entity during the relevant financial year—
 (i) the name of the bank where the account is or was held, and the type of account; and
 (ii) year opening and year end balances in each of these bank accounts;

(b) a summary of all investments of the municipality or entity as at the end of the financial year;

(c) particulars of any contingent liabilities of the municipality or entity as at the end of the financial year;

(d) particulars of—
 (i) any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable;
 (ii) any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures; and
 (iii) any material losses recovered or written off;

(e) particulars of non-compliance with this Act; and

(f) any other matters that may be prescribed.

Submission and auditing of annual financial statements

126. (1) The accounting officer of a municipality—

(a) must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and

(b) must in addition, in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

(2) The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit the statements to—

(a) the parent municipality of the entity; and

(b) the Auditor-General, for auditing.

(3) The Auditor-General must—

(a) audit those financial statements; and

(b) submit an audit report on those statements to the accounting officer of the municipality or entity within three months of receipt of the statements.

(4) If the Auditor-General is unable to complete an audit within three months of receiving the financial statements from an accounting officer, the Auditor-General must promptly submit a report outlining the reasons for the delay to the relevant municipality or municipal entity and to the relevant provincial legislature and Parliament.

(5) Once the Auditor-General has submitted an audit report to the accounting officer, no person other than the Auditor-General may alter the audit report or the financial statements to which the audit report relates.

Submission and tabling of annual reports

127. (1) The accounting officer of a municipal entity must, within six months after the end of a financial year, or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality.

Ria Jordaan

From: Ria Jordaan <jordaanr@ngwathe.co.za>
Sent: 01 September 2015 12:04
To: godfrey.mahlatsi@gmail.com
Cc: 'hod@fscogta.gov.za'; odwad@agsa.co.za; 'zfutwa@salga.org.za'
Subject: Report in line with Section 74(2) of the MFMA
Attachments: 20150901130035925.pdf

Attached kindly find correspondence dated 1 September 2015, for your attention.

Trusting that you would find this in order.

Ria Jordaan
Administrator : Municipal Manager
Ngwathe Local Municipality
PO Box 359
PARYS 9585
Tel : 056 816 2700
Fax : 056 811 2046
E-mail : jordaanr@ngwathe.co.za

-----Original Message-----
From: Ria [mailto:jordaanr@ngwathe.co.za]
Sent: 01 September 2015 13:01
To: Ria
Subject: Message from "RNP0026738FF877"

This E-mail was sent from "RNP0026738FF877" (MP C2003).

Scan Date: 09.01.2015 13:00:35 (+0200)

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OFFICE OF THE MUNICIPAL MANAGER
DATE RECEIVED: 1/9/2015
REFERENCE: 38185
FILE NUMBER: 3/6
CC:
WPF:

MUNICIPAL MANAGER'S OFFICE

01 SEPTEMBER 2015

CEO- FREE STATE PROVINCIAL TREASURY
MR. G MAHLATSI
55 EIZABETH STREET
PROVINCIAL BUILDING
BLOEMFONTEIN
9500

Re: REPORT IN LINE WITH SECTION 74 (2) OF THE MFMA

SIR/ MADAM

In terms of Section 126 of the Local Government Municipal Finance Management Act, 56 of 2003, "The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing".

Having realised that I will not be able to comply with Section 126 of the MFMA I then wrote the attached letter dated 24/08/2015 to the Mayor reporting the late submission of the 2014/15 annual financial statements and the reasons thereof as required by Section 74 (2) of the MFMA.

The Mayor also made the Council aware of the letter I submitted to her regarding the late submission of the annual financial statements during the Special Council Meeting that was held on the 26 August 2015 at 10:18 as attached and Council took note of the late submission.

Hope you find the above in order.

Yours Faithfully

LD KAMOLANE
MUNICIPAL MANAGER